

Existing Washington State Energy Policy in Statute

The following is a list and brief description of state energy policies in statute. While we have tried to be as comprehensive as possible this may not capture all energy policies and is subject to revision and update.

I. Power Plants

1. Certain energy facilities must meet Energy Facility Site Evaluation Council (EFSEC) land use and environmental requirements, including thermal electric generation facilities, pipelines, electric transmission lines, petroleum refineries and petroleum storage facilities of a certain size, and all alternative energy electrical generation facilities. ([RCW 80.50 RCW](#))
2. The Department of Ecology regulates air quality, water quality and water resources as they relate to new energy facilities not explicitly covered by EFSEC ([RCW 70.94.161, Operating Permits for Air Contaminant Sources](#); and [RCW 70.94.162, Annual Fees from Operating Permit Program](#))
3. Depending upon the size of the facility, EFSEC or Ecology enforce CO2 reduction requirements for all new fossil fuel plants ([RCW 80.70](#))
4. EFSEC and Ecology enforce greenhouse gas emission standards for ([RCW 80.80.040 \(10\)](#)).
5. Prohibition on long term coal-fired power contracts for all state's utilities ([RCW 80.80](#))

II. Transportation/Alternative Fuels

1. Adoption of California vehicle emissions standards ([RCW 70.120A](#))
2. Department of Transportation must adopt broad statewide goals to reduce annual per capita vehicle miles traveled by 2050 ([RCW 47.01.440](#))
3. Commute trip reduction requirements for large employers ([RCW 70.94.521 - 555](#))
4. Required use of alternative fuels (electricity/biofuels) for all public fleets by 2015 ([RCW 43.19.570](#) - Motor vehicle transportation service -- Responsibilities -- Agreements with other agencies -- Alternative fuels and clean technologies; [RCW 19.112.110](#) - Special fuel licensees -- Required sales of biodiesel fuel; [RCW 43.41.130](#) - Duty to establish policies as to widest possible use of gasohol and cost-effective alternative fuels in all motor vehicles owned or operated by any state agency)
5. Sales tax exemption for high mileage hybrid vehicles ([RCW 82.08.813](#), [RCW 82.12.813](#))

6. Department of Agriculture content requirements for biodiesel fuel/fuel blended with biodiesel fuel: At least 2% of the total annual diesel sales must be biodiesel by November 30, 2008. At least 5% must be biodiesel when Agriculture determines instate oil seed crushing capacity and feedstocks can satisfy a 3% requirement. ([RCW 19.112.110](#))
7. At least 2% of total gasoline sales, measured on a quarterly basis, must be ethanol by December 1, 2008. Ethanol content between 2% and at least 10% may be required if Ecology determines it will not jeopardize air quality standards for ozone pollution, and Agriculture determines instate raw materials are available to support economical production. ([RCW 19.112.120](#))
8. Content requirements will be repealed when the diesel supply is at least 10% biodiesel made predominantly from instate feedstocks, and the gasoline supply is at least 20% ethanol made predominantly from instate feedstocks, without jeopardizing air quality standards for ozone pollution. ([RCW 19.112.170](#))
9. Requires the Department of Transportation to develop a joint comprehensive commute trip reduction plan for all state agencies located in the Olympia, Lacey and Tumwater urban growth area. (2009 Legislation [SSB 6088](#))
10. Electric Vehicles: (2009 Legislation [2SHB 1481](#)) requires the installation of charging outlets for electric vehicles, new tax incentives for electric vehicle infrastructure, and the development of an alternative fuels corridor pilot project.

III. Renewable Energy

1. EFSEC state preemptive authority on siting of all renewable energy projects that choose the EFSEC process ([RCW 80.50.060](#))
2. State loan fund for bioenergy projects – The Energy Freedom program is established to promote public research and development in bioenergy, and to stimulate the construction of facilities in Washington to generate energy from farm sources or convert organic matter into fuels. [Note: not funded in the 09-11 budget] ([RCW 43.325](#))
3. Large utilities must obtain fifteen percent of their electricity from new renewable resources such as solar and wind by 2020 and undertake cost-effective energy conservation. (Initiative-937: [RCW 19.285](#), Energy Independence Act)
4. Net metering for small renewable systems (RCW 80.60)
5. A sales and use tax exemption in the form of a refund is allowed for 100 percent of the sales tax paid on machinery and equipment used to create energy from fuel cells, sun, wind, biomass energy, tidal and wave energy, geothermal resources, anaerobic digestion, and technology that converts otherwise lost energy from exhaust or landfill gas from July 1, 2009, to June 30, 2011. The sales tax exemption is reduced to 75 percent from July 1, 2011, to June 30, 2013. The exemption expires June 30, 2013. (ESSB 6170 – will be codified in [RCW 82.08](#) and [RCW 82.12](#))

6. Beginning October 1, 2009, the B&O tax for businesses that manufacture or sell at wholesale either: (1) solar energy systems using photovoltaic modules; or (2) solar grade silicon and an expanded list of materials to be used exclusively in the components solar systems or semiconductors is set at a reduced rate of 0.275 percent. The lower B&O tax rate expires on June 30, 2014. (ESSB 6170 – will be codified in [RCW 82.04.294](#))
7. A sales tax exemption is provided for gases and chemicals used in the production of solar energy equipment. The exemption expires December 1, 2018. (ESSB 6170 – will be codified in [RCW 82.08.9651](#) and [RCW 82.12.9651](#))
8. The cost-recovery incentive program in 5101 is extended to "community solar projects." Community solar projects are eligible for incentives of 30 cents for each kilowatt-hour of energy produced. Each applicant in a community solar project is eligible for annual incentives of \$5,000 per year. (ESSB 6170 – will be codified in [RCW 82.16.110](#) and [RCW 82.16.120](#))

IV. Bioenergy

Production

Tax Incentives

1. Reduced B&O rate provided for manufacture of wood biomass, alcohol or biodiesel fuels, or biodiesel feedstocks. Reduced rate for biodiesel fuels and feedstocks expired July 1, 2009. ([RCW 82.04.260\(1\) \(e\) & \(f\)](#))
2. Equipment used for a cogeneration facility integrated into a manufacturing site is exempt from retail sales and use taxes. Expired June 30, 2009. ([RCW 82.08.02565](#), [RCW 82.12.02565](#))
3. Equipment, labor and associated services for power production greater than 200w from various renewable energy sources, including landfill gas, are exempt from retail sales and use taxes. Expired June 30, 2009. ([RCW 82.08.02567](#), [RCW 82.12.02567](#))
4. Anaerobic digester construction and operation, and related services or components, are exempt from retail sales and use taxes. More than half of digester feedstock must be livestock manure. ([RCW 82.08.900](#), [RCW 82.12.900](#))
5. Land, buildings and equipment used for anaerobic digestion, manufacturing alcohol, biodiesel and wood biomass fuels, or biodiesel feedstock are exempt from property and leasehold taxes for six years following the date the facility becomes operational. The exemption is not renewable. No claims may be filed after December 31, 2009 for biofuels; December 31, 2012 for digesters. ([RCW 82.29A.135](#), [RCW 84.36.635](#), [RCW 84.36.640](#))
6. Sales and use of waste vegetable oil for production of biodiesel for personal use are exempt from retail sales and use taxes. ([RCW 82.08.0205](#), [RCW 82.12.0205](#))

7. B&O credit is provided for harvesters of harvested green ton of forest derived biomass sold or used for production of electricity, steam, heat or biofuel as follows: from July 1, 2010, through June 30, 2013, \$3 per harvested green ton; and from July 1, 2013, through June 30, 2015, \$5 per harvested green ton. The credit expires June 30, 2015. (ESSB 6170 – will be codified in [RCW 82.04](#), [RCW 82.08](#), and [RCW 82.12](#))
8. Sales tax exemption is provided for the sale of forest derived biomass used to produce electricity, steam, heat or biofuel. The exemption expires on June 30, 2013. (ESSB 6170 – will be codified in [RCW 82.08](#), and [RCW 82.12](#))

Public Sector Production

1. Public development authorities and conservation districts may contract for crops, produce, sell and distribute biodiesel produced from instate feedstocks, and cellulosic ethanol. Municipal utilities and public utility districts may do the same, and use these fuels to generate power. ([RCW 35.21.465](#), [RCW 35.92.440](#), [RCW 54.04.190](#), [RCW 89.08.570](#))

Financial Assistance

1. Energy Freedom Program provides financial support for projects converting farm products, wastes, cellulose, or biogas directly into electricity or biofuel or other co-products. Expires June 30, 2016. ([RCW 43.325.020](#))
2. Producers of grid intertied power from anaerobic digesters are eligible for .15¢/Kwh incentive payments of up to \$2,000/yr. Expires June 30, 2014. ([RCW 82.16.110](#))

Distribution & Use

Tax Incentives

1. New passenger cars, light duty trucks, and medium duty passenger vehicles powered by a clean alternative fuel (natural gas, propane, hydrogen or electricity) are exempt from retail sales tax. Effective January 1, 2009 until January 1, 2011. ([RCW 82.08.809](#))
2. Sales to and use of non-highway biodiesel and biodiesel blends by farm fuel users are exempt from retail sales and use taxes. Fuel used for space or water heating for human habitation not included. ([RCW 82.08.865](#), [RCW 82.12.865](#))
3. Sales and use of equipment, and related services or components, used for retail sale of E85 and biodiesel blends of B20 or higher are exempt from retail sales and use taxes. Sales of fuel delivery vehicles, and related services or components, are exempt if at least 75% of the fuel is E85 or biodiesel blend of B20 or higher. Expires July 1, 2015. ([RCW 82.08.955](#), [RCW 82.12.955](#))
4. Sales of equipment, and related services or components, used for retail sale or use of wood biomass fuel blends containing at least 20% wood biomass fuel are exempt from retail sales and use taxes. Sales of fuel delivery vehicles, and related services or components, are exempt if at least 75% of the fuel is wood biomass

fuel blends containing at least 20% wood biomass fuel. Expires July 1, 2009.
([RCW 82.08.960](#), [RCW 82.12.960](#))

5. Retailers of biodiesel, E85 and wood biomass fuel eligible for B&O deduction. Biodiesel and E85 deduction expires July 1, 2015. Wood biomass fuel deduction expires July 1, 2009. ([RCW 82.04.4334](#), [RCW 82.04.4335](#))

Financial Assistance

1. The Green Energy Incentive Account is established within the Energy Freedom Program to provide financial support for projects supporting development of a biofuels refueling network along the interstate corridors. Expires June 30, 2016. ([RCW 43.325.040](#))

Expedited Permitting

1. Infrastructure improvements subject to the State Environmental Policy Act (SEPA) or other license or permit requirements necessary to implement renewable fuel standards must be processed in a defined and efficient manner. Improvements include installation or replacement of storage tanks and pumps, increases in refining and blending capacity, efficiency improvements, and modifications to loading racks. Biodiesel or ethanol production facilities are not covered. Expires January 1, 2009. ([RCW 43.21C.232](#))
2. Permitting Anaerobic Digesters from Solid Waste: (2009 Legislation [SB 5797](#)) streamlines permitting requirements to spur renewable energy development from agricultural waste and livestock manure.
- 3.

Public Sector

1. Effective June 1, 2006, agencies complying with EPA's ultra-low sulfur diesel mandate must use at least 2% biodiesel as a lubricity additive, provided the use is warranted and biodiesel is comparable in performance and cost with other additives. ([RCW 43.19.642](#))
2. Beginning July 1, 2006, all state agencies using biodiesel shall file biannual reports with GA documenting their fuel use and describing how any problems encountered were resolved. ([RCW 43.19.642](#))
3. Effective June 1, 2009, state agencies as a whole are required to use a minimum of 20% biodiesel to operate diesel-powered vessels, vehicles, and construction equipment. ([RCW 43.19.642](#))
4. Dept of General Administration (GA) may combine the needs of local governments, including ports, special districts, school districts, and municipal corporations, and contract in advance with public or private producers, suppliers, or other parties for the purchase of biofuels and biofuel blends. ([RCW 43.19.647](#))
5. Effective June 1, 2015, all state agencies and local governments, to the extent practicable, are required to satisfy 100% of their fuel usage for operating publicly owned vessels, vehicles, and construction equipment from electricity or biofuel. ([RCW 43.19.648](#))

6. At least 30% of all new vehicles purchased by state contract must be clean-fuel vehicles; this percentage shall increase 5% each year. Dedicated clean-fuel vehicles are preferred; if they are not available or would not meet operational needs, conventional vehicles may be converted to clean-fuel or dual-fuel use. ([RCW 43.19.637](#))
7. Each state agency is encouraged to establish sustainability objectives and prepare a biennial Sustainability Plan to modify the agency's practices in the following areas: resource consumption, vehicle use, purchase of goods and services, and facility construction, operation and maintenance. Plans should be guided by long-term goals including a shift to clean energy for vehicles. ([Executive Order 02-03](#))

V. Utilities

1. Voluntary green power purchase option required of all large electric utilities ([RCW 19.29A.090](#))
2. Integrated resource plan or resource plan required biennially of all state's electric utilities ([RCW 19.280](#))
3. Fuel mix disclosure to customers required for all electric utilities ([RCW 19.29A.060](#))
4. Interconnection standards for small systems (300 kW)
5. Requirement for large electric utilities to capture all cost effective energy efficiency (Initiative-937, Energy Independence Act: [RCW 19.285.040](#))
6. Municipal electric utilities and public utility districts providing electricity may give financial assistance for energy conservation projects. ([RCW 35.92.360](#); [RCW 54.16.280](#))
7. An electrical, gas, or water company may file a conservation service tariff with WUTC. ([RCW 80.28.303](#))
8. Electrical, gas, and water companies, or finance subsidiaries, may issue conservation bonds upon approval by WUTC. ([RCW 80.28.306](#))

VI. Energy Efficiency

1. Statewide appliance efficiency standards ([RCW 19.260](#))
2. One of the most stringent energy codes in the U.S. (residential and non-residential – [WAC 51-11](#))
3. Energy conservation in design of publicly funded buildings – life-cycle cost analysis required ([RCW 39.35](#))
4. LEED silver standard requirements for publicly funded buildings ([RCW 39.35D](#))
5. Department of General Administration must seek to further energy conservation in landscape objectives. ([RCW 43.19.682](#))

6. Municipalities may aggregate energy audits and implement cost-effective energy conservation measures among multiple government entities. ([RCW 43.19.691](#))
7. Municipalities are authorized to negotiate performance-based energy contracts with energy service contractors. ([RCW 39.35A](#))
8. WUTC must adopt a two percent incentive return for conservation investments made in support of new building code or programs that provide a priority for senior citizens or low-income customers. ([RCW 80.28.260](#))
9. Energy code strategy and energy efficiency (2009 Legislation [E2SSB 5854](#))
 - A strategic plan for enhancing energy efficiency and reducing greenhouse gas emissions from homes and buildings.
 - Performance standards, benchmarking and other reporting requirements for public buildings.
 - The State Energy Code to move toward a 70 percent reduction in annual energy consumption for new buildings by 2031.
10. Enhancing Energy Efficiency: The Legislature approved (2009 Legislation [E2SSB 5649](#))
 - Implements community-wide energy efficiency upgrades.
 - Enhances the low-income residential weatherization program.
 - Assesses the energy efficiency of properties in the Housing Trust Fund.

VII. Climate Change

1. See www.ecy.wa.gov/climatechange/2005-2009actions.html for a comprehensive list of climate legislation and executive orders.

VIII. Other

1. Clean Energy Leadership Initiative: (2009 Legislation [SSB 5921](#)) enables the Governor to create a clean energy leadership council in collaboration with a private-public alliance focusing on growing Washington's clean technology sector.
2. Creation of a Sustainable Energy Trust: (2009 Legislation [E2SHB 1007](#)) removes barriers in financing the upfront costs of renewable energy and energy-efficiency improvement projects. July 2009
3. Evergreen Jobs Initiative: (2009 Legislation [E2SHB 2227](#)) establishes the Evergreen Jobs Initiative to create 15,000 new green economy jobs by 2020 and to prioritize programs to train workers in green economy job sectors.